



FACT SHEET

U.S.-Colombia Trade Promotion Agreement **Alaska Farmers Will Benefit**

September 2008

The U.S.-Colombia Trade Promotion Agreement (CTPA) provides increased access for Alaska's agricultural exports by making agricultural trade a two-way street and leveling the playing field with respect to third country competitors in the Colombian market. Already our largest market in South America, Colombia now holds even greater potential because it has agreed to immediately eliminate duties on 53 percent of current U.S. trade upon implementation of the agreement. The American Farm Bureau and over 40 other agricultural industry and farm groups strongly support the agreement by stating "the agreement will provide U.S. products exported to Colombia with the same duty-free access already granted to Colombian products exported to the U.S."

Exports of farm products boost Alaska's farm prices and income. Such exports support jobs both on and off the farm in food processing, storage, and transportation. Agricultural exports amounted to \$3.7 million and made an important contribution to Alaska's farm cash receipts in 2007 that totaled \$33 million.

Dairy. In 2007, the United States exported \$6.6 million of dairy and dairy products to Colombia, and changes in the CTPA will provide immediate opportunities for U.S. dairy producers. Dairy provides Alaskan farmers their fifth largest source of farm cash receipts.

- U.S. dairy producers currently face a system of variable levies (price band system) that result in tariffs as high as the World Trade Organization (WTO) ceiling of 159 percent. Colombia will immediately eliminate the price band system on U.S. imports.
- Colombia will immediately eliminate tariffs on whey.
- Both Colombia and the United States will establish duty-free tariff-rate quotas (TRQs) for certain dairy products totaling 9,900 tons, with these TRQs growing by 10 percent, compounded annually.
- All Colombian duties on dairy products will be eliminated within 15 years, with duties on some eliminated earlier.
- *The National Milk Producers Federation, U.S. Dairy Export Council, Grocery Manufacturers Association/Food Products Association, and International Dairy Foods Association publicly support the CTPA.*

Potatoes and Potato Products. In 2007, the United States exported \$1.6 million of potatoes and products to Colombia. With \$2.6 million in farm cash receipts, Alaska's potato producers will benefit from CTPA.

- Colombia will immediately eliminate all duties, which currently range from 5–20 percent (102 percent allowed by the WTO), on potatoes and potato products, including frozen French fries, potato flakes and potato chips.
- *The National Potato Council, American Frozen Food Institute, and Grocery Manufacturers Association/Food Products Association publicly support the CTPA.*

Beef. In 2007, the United States exported \$386,000 of beef and beef products to Colombia. Alaska's ranchers and beef industry generate \$1.9 million in farm cash receipts.

- Colombia will immediately eliminate its 80-percent duty (108 percent allowed by the WTO) on beef products of most importance to the U.S. beef industry—prime and choice cuts.
- U.S. exporters of standard quality beef cuts will enjoy immediate duty-free access through a 2,100-ton TRQ. The TRQ will grow by 5 percent, compounded annually. Colombia will phase out the 80-percent out-of-quota tariff over 10 years after a 37.5-percent cut at the beginning of the first year of implementation.
- U.S. exporters of variety meats (offals) will immediately receive duty-free access under a 4,642-ton TRQ that will grow 5.5 percent, compounded annually. The 80-percent over-quota tariff will be phased out over 10 years.
- Colombia agreed to continue to recognize the equivalence of the U.S. meat inspection and certification system to its own system.
- Colombian exporters of beef to the United States will receive duty-free access under a 5,250-ton TRQ that will grow 5 percent, compounded annually. The United States will phase out its beef tariffs over 10 years. For those beef lines that are already duty free under the Andean Trade Promotion and Drug Eradication Act, the CTPA will continue the duty-free treatment.
- *The American Meat Institute; National Cattlemen's Beef Association; U.S. Hide, Skin and Leather Association; U.S. Livestock Genetics Export, Inc.; and Pet Food Institute publicly support the CTPA.*